



Washington, D.C. 20505

## DIRECTORATE OF INTELLIGENCE

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## Nicaragua: Coping With Hurricane Damage

## Summary

The destruction caused by Hurricane Joan, which struck Nicaragua in late October, is severely taxing the resources of a Sandinista government already ill-equipped to meet the basic needs of its citizens. Damage to food and export crops, pasture lands, the fishing industry, and infrastructure exceeds \$800 million, according to what probably are inflated regime estimates. Although the government has managed relief efforts relatively well, a sharp increase in the number of Nicaraguan refugees transiting the Costa Rican border in recent weeks indicates Managua faces serious constraints in meeting the needs of those most affected by the storm. Aid from at least 20 countries and numerous international agencies has helped, but the Sandinistas doubtless are dismayed by the tepid response from Western governments, whose small donations of largely non-financial assistance have been channeled almost exclusively through non-governmental organizations. [redacted]

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The weak position of regime opponents makes it unlikely that the effects of the hurricane alone will create serious political problems for the Sandinistas, even if recovery efforts prove inadequate. The likely acceleration of Nicaragua's economic slide as a result of the storm, however, could increase popular unrest--including labor protests and food riots--in the coming months. The regime also has indicated it will postpone next year's scheduled local elections until 1990, allegedly because of financial difficulties resulting from the storm. [REDACTED]

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Hurricane Joan slammed into eastern Nicaragua on 22 October. The area that bore the full force of the storm--the Atlantic Coast--is sparsely populated, geographically and culturally isolated from the western half of the country, and of relatively little importance economically. The majority of the land is uncultivated, and economic activity is limited primarily to subsistence agriculture, fishing, and some cattle ranching. By the time the storm crossed the Central Highlands into the more populous and economically vital regions on the Pacific coast, it had lost much of its intensity. Nonetheless, even the regions of Nicaragua farthest removed from the direct path of the storm were buffeted by heavy rains--as much as 15 inches in 48 hours--and strong winds. [REDACTED]

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As the hurricane approached, the government moved quickly to limit damage to civilian and military property and to facilitate relief efforts, according to press accounts [REDACTED]

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[REDACTED] Sandinista party officials set up local emergency committees to provide information about the storm, relocate endangered civilians--the regime claims some 325,000 were evacuated--and set up refugee and medical facilities.

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### Assessing Storm Damage

Managua's preparations notwithstanding, the storm took a serious toll on life and property, according to Embassy and press reporting. The government estimates that more than 300 people

were killed or seriously injured and another 100 remain unaccounted for. According to the latest regime calculations, the direct economic costs of the hurricane exceed \$825 million, but the US Embassy reports this amount probably is inflated. The government claims that damage to the country's infrastructure totals more than \$700 million, while direct losses to agriculture are nearly \$90 million. Managua undoubtedly is hoping to attract greater amounts of foreign assistance by inflating its estimate of storm damage, as well as to use the hurricane as an excuse for Nicaragua's continuing economic problems. [redacted]

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The most severe structural damage occurred on the Atlantic coastal plain, where the towns of Bluefields, Rama, and Nueva Guinea were virtually leveled by the storm. In addition, most structures on Corn Island, off the Atlantic Coast, were destroyed. The government has stated that nationwide some 20,000 homes were destroyed or severely damaged. The Managua director of the International Red Cross has estimated that as many as 100,000 people are without permanent shelter. Managua and the other major population centers on the Pacific coast, however, suffered only minor structural damage, according to Embassy and press reporting. [redacted]

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The country's infrastructure sustained heavy damage--more than \$250 million, according to US Embassy estimates--with the Atlantic Coast region bearing the brunt of the destruction:

- The regime claims that more than 400 miles of roads and some 65 bridges--including a vital span at Mulukuku designed to link the eastern and western halves of the country--were damaged or destroyed. The Embassy estimates total damage of this type at roughly \$45 million.
- Damage to utilities--including electrical, water, and communications facilities--exceeds \$25 million, according to the US Embassy, a portion of which is imported equipment that probably will require the outlay of scarce hard currency to replace.
- Civilian port facilities and the fishing industry on the east coast--an important source of hard currency earnings for local residents and Sandinista officials--suffered serious losses. Although a major deepwater port improvement project at El Bluff sustained only limited damage, [redacted] the scope and progress of the venture had already been retarded by budgetary constraints. [redacted]

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The storm also exacted a heavy toll on Sandinista military facilities in eastern Nicaragua. [redacted]

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## Agricultural Losses

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Damage to Nicaragua's agricultural base--already buffeted by depressed investment, manpower and machinery shortages, and skyrocketing production costs--probably will be the most difficult problem for the regime to address. Embassy and press reporting indicate heavy losses in basic food crops--rice, beans, corn, and vegetables. Even outside of the storm's path, heavy rainfall caused flash flooding and mudslides that washed out fields, destroyed pastures, and killed livestock. Moreover, blocked or destroyed roads will hamper the harvesting of crops that survived. Several major regional food warehouses that probably contained crops from this year's earlier harvest also were wiped out. In addition, large areas of economically and ecologically important timberland--15 percent of the country's forested areas, according to one government account--were flattened by the storm. [redacted]

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The hurricane's direct impact on Nicaragua's major agricultural export crops appears to have been less severe, but is nevertheless likely to result in a further drop in export earnings. The US Embassy estimates that total damage to Nicaragua's agricultural exports--coffee, cotton, sugar, and bananas--exceeds \$30 million. At a minimum, we believe storm damage is exacerbating the chronic labor and transportation problems that have hampered harvests and depressed export earnings since the revolution by diverting these scarce revenues to assist in the relief effort. Embassy and press reporting, for example, indicates that damaged bridges and road networks--in disrepair even before the storm struck--are disrupting the coffee harvest that began this month. As a result, the government claims that some 10 million pounds of coffee--over 10 percent of last year's low level of production, worth some \$11.5 million at current world prices. [redacted]

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## Managing the Relief Effort

Given the significant transportation and resource constraints it faces, Managua appears to be doing an adequate job of managing relief efforts. Embassy reporting [redacted] indicate that the regime has moved rapidly to provide food and medical supplies to affected areas and to reestablish communications. Military trucks, aircraft, and

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personnel are heavily involved in relief and early reconstruction efforts throughout the country. [REDACTED]

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Managua's own relief efforts have been bolstered by international aid from at least 20 foreign countries--primarily Cuba and the Soviet Bloc--and numerous international organizations. Cuba has taken the lead, contributing more than 500 metric tons of food, clothing, shelter materials, and medical supplies. Assistance from the Soviet Union and other Eastern Bloc countries so far has totaled more than 100 metric tons; in addition, Moscow and East Germany will donate as much as 20,000 tons of rice and wheat, according to press reports. The Soviets also plan to expedite oil deliveries to relieve storm-related fuel shortages, according to Embassy and press reporting. [REDACTED]

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Numerous Western donors have provided hurricane relief, although the amounts are relatively small and nearly all has been non-financial aid channelled through non-government organizations like the International Red Cross. Western nations disinclined to support the Sandinista regime--such as West Germany, the UK, and Japan--have contributed small amounts of relief supplies exclusively through private relief agencies. Even Managua's staunchest European backers--Sweden, Finland, and Norway--have contributed only \$4 million in emergency assistance, although all reportedly are considering increasing bilateral aid programs in the coming year. [REDACTED]

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[REDACTED] Managua appears to be apportioning both international relief and its own scarce resources to the areas and individuals most affected by the storm, albeit with maximum public self-acclaim. A sharp increase in the number of Nicaraguan refugees transiting the border with Costa Rica in recent weeks, however, suggests the regime lacks the resources to meet the needs of those most affected by the storm. [REDACTED]

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#### Dim Prospects for Recovery

We believe the hurricane damage will accelerate Nicaragua's economic slide, hitting the regime hardest in two areas--agriculture and infrastructure--where it can least afford setbacks. Managua's efforts to stimulate a recovery in the agricultural sector will be constrained by financial and seasonal factors. The regime has announced special debt refinancing and credit policies to stimulate production of basic grains, but

skyrocketing inflation and production costs probably will negate much of the incentive for both export and subsistence farmers. Moreover, basic food crops--largely unirrigated--cannot be planted until the onset of the rainy season next May. [ ]

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Managua's ability to recover from the storm and prevent an even deeper economic crisis in the coming months largely will depend on its ability to attract foreign food and financial assistance. Although the scope and composition of international aid probably has fallen well short of Managua's expectations and needs, we believe the Sandinistas will continue to try to use the disaster to gain broader bilateral economic support, citing hurricane damage to highlight their desperate economic situation and to deflect international pressure to enact democratic reforms. The guarded response from most Western nations to date, however, makes it likely that Soviet and East Bloc benefactors will continue to play the dominant role in supporting Nicaragua's economy. [ ]

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### Political and Military Implications

The effects of Hurricane Joan are unlikely to cause serious political problems for the regime. Managua's domestic political opponents are disorganized and intimidated and appear ill-equipped to capitalize on potentially insufficient relief efforts. The government has taken great pains to contrast its relief measures with the corruption and mismanagement displayed by the Somoza regime following the 1972 earthquake that leveled Managua. The Sandinistas will blame the storm, insufficient foreign aid, and the United States for any further decline in living standards and, if successful, they may be able to mute serious dissent in the coming months. The regime also has indicated it plans to postpone next year's scheduled local elections until 1990, allegedly because of financial difficulties caused by the storm. Over time, however, the likelihood of continuing food shortages and skyrocketing consumer prices will leave the regime increasingly vulnerable to popular unrest that, while not threatening the Sandinistas' political control, could spark spontaneous labor and food riots. [ ]

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Hurricane damage and the diversion of military assets to relief probably will sidetrack the government's counterinsurgency efforts only briefly, and in our view, will not significantly alter the regime's decided advantage against the guerrillas. Despite some delays Managua probably still intends to follow through with plans developed before the storm to isolate and eliminate the remaining insurgent concentrations in south-central Nicaragua. While the insurgents will benefit from the temporary easing of military pressure, those inside Nicaragua ultimately will have to contend with even more difficult operating conditions--including serious food shortages and the further impoverishment of their civilian supporters--as a result of the hurricane. [ ]

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## Text Table 1

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Summary of Hurricane Damage  
(millions \$US)

Infrastructure 233.0  
of which:

Housing	40.0
Roads and Bridges	47.0
Ports and Fishing	73.0
Utilities	28.0
Government Buildings	15.0
Other	30.0

Agriculture 71.5  
of which:

Basic Grains	34.0
Export Crops	15.5
Forests	15.0
Other	7.0

Total 304.5

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(1) All figures are preliminary US Embassy estimates.

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## Text Table 2

Nicaragua: Bilateral Disaster Relief  
Received as of 22 November

<u>Country</u>	<u>Description</u>
Cuba	465 tons of food and medicine Medical teams
USSR	20 tons of medicine, blankets, tents, food
East Germany	20 tons of food, medicine, shelter 10,000 tons of cereal
Czechoslovakia	12 tons of food, clothing
Joint Soviet- Bloc aid	42 tons of food, clothing
Belgium	17 tons of tents, plastic electric generators
France	\$600,000 food aid Medical brigade and medicine
West Germany	\$1.9 million in humanitarian aid and reconstruction funds through NGOs (1)
Italy	Food, medicines, shelter materials valued at \$600,000
Austria	Medicine and other unspecified aid
Spain	At least one relief flight, contents unknown
Netherlands	\$225,000 through NGOs
UK	\$250,000-400,000 through NGOs
Canada	\$1.7 million through NGOs
Finland	\$300,000 through NGOs

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Sweden	\$3.2 million in disaster relief
Norway	\$455,000 through NGOs
EEC	\$645,000 through NGOs
Mexico	25 tons food, shelter materials
Panama	7.5 tons food, clothes, medicine
Guatemala	At least one relief flight, contents unknown.
Costa Rica	9 tons of clothing, shelter
Argentina	18 tons of medicine, food, clothing, bedding
Dominican Republic	37,000 pounds of food Two additional shipments of food, medicine Medical teams
Japan	\$300,000 through NGOs
North Korea	Unspecified relief goods
Iran	Unspecified food and medicine

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(1) Non-government organizations



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